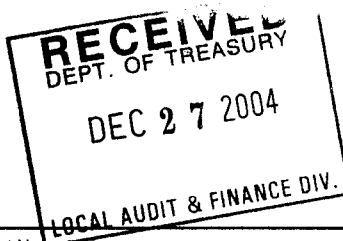


Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type DISTRICT LIBRARY <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name ROMEO DISTRICT LIBRARY	County MACOMB
Audit Date 6/30/04	Opinion Date 11/18/04	Date Accountant Report Submitted to State: 12/21/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

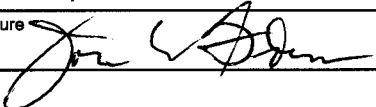
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) BUSS & COMPANY, P.C.			
Street Address 42550 GARFIELD, SUITE 105		City CLINTON TWP.	State MI
Accountant Signature 		ZIP 48038	Date 12/21/04
JOHN E. GIDEON			

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CLINTON TOWNSHIP, MICHIGAN

ROMEO DISTRICT LIBRARY

Romeo, Michigan

FINANCIAL REPORT

WITH SUPPLEMENTAL INFORMATION

PREPARED IN ACCORDANCE WITH GASB 34

June 30, 2004

ROMEO DISTRICT LIBRARY
Romeo, Michigan
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June 30, 2004

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INDEPENDENT AUDITOR'S REPORT

November 18, 2004

To the Board of Trustees
Romeo District Library
Romeo, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Romeo District Library as of and for the year ended June 30, 2004, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Romeo District Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Romeo District Library as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note VI, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003. In addition, the Library also implemented Interpretation No. 6 of GASB, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Board of Trustees
Romeo District Library
November 18, 2004
Page 2

The management's discussion and analysis and budgetary comparison schedule on pages 3 through 4 and pages 20 through 21, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Romeo District Library's basic financial statements. The other supplemental information is for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

BUSS & COMPANY, P.C.

A handwritten signature in cursive script that reads "Buss & Company P.C.".

Certified Public Accountants

db

ROMEO DISTRICT LIBRARY
Romeo, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2004

Using this Annual Report

This annual report consists of four parts - *Management's discussion and analysis* (this section), the *basic financial statements*, *required supplemental information*, and *other supplemental information*. The basic financial statements include information that presents two different views of the Library:

- The *government-wide financial statements* provide both *long-term* and *short-term* information about the Library's *overall* financial status. The statement of net assets and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.
- The governmental fund financial statements include information on the Library under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplemental information and other supplemental information* that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below provides key financial information in a condensed format for the current year. Since this is the first year the Library has prepared financial statements following GASB Statement 34, comparisons to the prior year are not available.

Current assets	\$1,375,837
Capital assets	<u>5,210,697</u>
Total Assets	<u>\$6,586,534</u>
Long-term debt and compensated absences	\$1,753,100
Other liabilities	<u>62,640</u>
Total Liabilities	<u>\$1,815,740</u>
Net Assets:	
Invested in capital assets, net of related debt and accrued interest	\$3,498,322
Restricted for debt service	48,820
Unrestricted	<u>1,223,652</u>
Total Net Assets	<u>\$4,770,794</u>
Revenue:	
Property taxes	\$2,133,248
Other	<u>178,729</u>
Total Revenue	<u>\$2,311,977</u>
Expenses - Library services	<u>1,968,933</u>
Change in Net Assets	<u>\$ 343,044</u>

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
June 30, 2004

The Library as a Whole

- The Library's net assets increased by \$343,044 this year. This reflects that taxpayers, current users, and other supporters of the Library have paid the full cost of operating the Library, even after depreciation and recognition of long-term obligations.
- The Library's primary source of revenue is from property taxes, which represents 92% of total revenue.
- Total expenses were 85% of total revenue for the year ended June 30, 2004. Salaries amount to approximately 40% of total expenditures. Benefits amount to 12% of total expenditures.

The Library's Fund

The Library uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the Library is being accountable for the resources provided and insight into the Library's financial health.

The fund balance of the Library decreased during the current year by \$198,931. The decrease reflects the additional capital outlay incurred by the Library.

Library Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendments were to increase professional fees and capital outlay expenditures to reflect the arbitration award and settlement with the Library's architect. In addition, the appropriation for repairs and maintenance was increased to cover unforeseen repairs to the buildings and increased snow removal costs.

Capital Assets

At the end of the fiscal year, the Library had \$5,210,697 invested in net capital assets, including building improvements, furniture and fixtures, equipment, and books and materials. The Library added \$450,886 of capital assets consisting of new books, various audio/visual materials, computer equipment and office equipment, furnishings and building improvements.

Debt

At the end of the year, the Library had \$1,695,000 in general obligation bonds outstanding versus \$2,070,000 at June 30, 2003. This represents a decrease of over 18%.

Economic Factors and Considerations for Next Year

The Library's tax base continues to increase with the growth of the Townships and Village. We, however, need to continue to watch our budget very closely. Expenditures that will be especially important in the coming year include health insurance benefits which have shown significant increases in the last few years and employee compensation, because it is such a significant portion of the Library's operating expenses.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Library Director at 65821 Van Dyke, Washington Township, Michigan 48095.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
STATEMENT OF NET ASSETS
June 30, 2004

ASSETS

Cash and cash equivalents		\$1,184,079
Investments		98,552
Taxes receivable		50,732
Due from other governmental unit		42,474
Capital assets		<u>5,210,697</u>
Total Assets		<u>\$6,586,534</u>

LIABILITIES

Accounts payable and accrued liabilities		\$ 62,640
Bonds payable - Due within one year	\$ 395,000	
- Long-term	<u>1,300,000</u>	1,695,000
Compensated absences		<u>58,100</u>
Total Liabilities		<u>\$1,815,740</u>

NET ASSETS

Invested in capital assets, net of related debt and accrued interest		\$3,498,322
Restricted for debt service		48,820
Unrestricted		<u>1,223,652</u>
Total Net Assets		<u>\$4,770,794</u>
Total Liabilities and Net Assets		<u>\$6,586,534</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

ROMEO DISTRICT LIBRARY
 Romeo, Michigan
STATEMENT OF ACTIVITIES
 Year Ended June 30, 2004

<u>FUNCTION/PROGRAM:</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS</u>	
Governmental Activities:				
Library services/operations	<u>\$1,968,933</u>	<u>\$ 36,870</u>	<u>\$ 1,157</u>	<u>(\$1,930,906)</u>
<u>GENERAL REVENUES:</u>				
Property taxes				\$2,133,248
State revenues and penal fines				91,234
Interest on investments				13,525
Gifts and memorials				21,657
Other miscellaneous				<u>14,286</u>
Total General Revenues				<u>\$2,273,950</u>
CHANGE IN NET ASSETS				\$ 343,044
<u>NET ASSETS:</u>				
Beginning of year				<u>4,427,750</u>
End of year				<u>\$4,770,794</u>

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
COMPARATIVE BALANCE SHEETS
June 30, 2004 and 2003

	<u>GENERAL FUND</u>	<u>DEBT RETIREMENT FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	
			<u>2004</u>	<u>2003</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$1,135,277	\$ 48,802	\$1,184,079	\$ 788,028
Investments	98,552	-	98,552	698,255
Due from other funds	-	18	18	18
Suburban Library Cooperative Account	42,474	-	42,474	41,061
Taxes receivable	39,468	11,264	50,732	42,351
Due from other governmental units	-	-	-	3,544
Total Assets	<u>\$1,315,771</u>	<u>\$ 60,084</u>	<u>\$1,375,855</u>	<u>\$1,573,257</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 21,565	\$ -	\$ 21,565	\$ 26,292
Due to Debt Retirement Fund	18	-	18	18
Deferred revenue	39,468	11,264	50,732	42,351
Accrued compensated absences	<u>23,700</u>	<u>-</u>	<u>23,700</u>	<u>35,525</u>
Total Liabilities	<u>\$ 84,751</u>	<u>\$ 11,264</u>	<u>\$ 96,015</u>	<u>\$ 104,186</u>
<u>FUND BALANCES</u>				
Fund Balances:				
Reserved for contractual commitments	\$ -	\$ -	\$ -	\$ 13,600
Unreserved:				
Designated for:				
Debt service	-	48,820	48,820	61,160
Undesignated	<u>1,231,020</u>	<u>-</u>	<u>1,231,020</u>	<u>1,394,311</u>
Total Fund Balances	<u>\$1,231,020</u>	<u>\$ 48,820</u>	<u>\$1,279,840</u>	<u>\$1,469,071</u>
Total Liabilities and Fund Balances	<u>\$1,315,771</u>	<u>\$ 60,084</u>	<u>\$1,375,855</u>	<u>\$1,573,257</u>

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
RECONCILIATION OF FUND BALANCE TO THE STATEMENT OF NET ASSETS
For The Year Ended June 30, 2004

TOTAL FUND BALANCE - MODIFIED ACCRUAL BASIS \$1,279,840

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the governmental funds:

The cost of capital assets is
Accumulated depreciation

\$6,326,389
(1,115,692)

5,210,697

Other assets not available to pay current period expenditures
are deferred in the governmental funds

50,732

Long-term liabilities are not due and payable in the current period
and are not reported in the governmental funds:

Bonds payable
Compensated absences

(\$1,695,000)
(58,100)

(1,753,100)

Accrued interest payable on bonds is not included as a liability in
the governmental funds

(17,375)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES

\$4,770,794

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Years Ended June 30, 2004 and 2003

	<u>GENERAL FUND</u>	<u>DEBT RETIREMENT FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS 2004</u>	<u>2003</u>
<u>REVENUES:</u>				
Property taxes	\$1,634,145	\$448,371	\$2,082,516	\$2,026,818
State revenue sharing	39,749	-	39,749	39,749
State aid	23,728	-	23,728	22,610
Penal fines	27,757	-	27,757	29,824
Book fines	31,157	-	31,157	31,886
Interest	13,525	-	13,525	14,713
Service fees	5,713	-	5,713	5,017
Centralized purchasing credit	9,772	-	9,772	9,772
Miscellaneous	4,514	-	4,514	11,602
Gifts and memorials	21,657	-	21,657	7,128
Grants	1,157	-	1,157	1,900
Total Revenues	<u>\$1,812,874</u>	<u>\$448,371</u>	<u>\$2,261,245</u>	<u>\$2,201,019</u>
<u>EXPENDITURES:</u>				
Salaries	\$ 787,634	\$ -	\$ 787,634	\$ 778,069
Payroll taxes	60,282	-	60,282	59,493
Health insurance	82,055	-	82,055	64,845
Life insurance	1,256	-	1,256	1,220
Retirement	93,204	-	93,204	98,998
Subscriptions	13,494	-	13,494	12,374
Bindery	231	-	231	272
Supplies	39,228	-	39,228	40,174
Repairs, maintenance and custodial	67,637	-	67,637	83,560
Elevator service	2,146	-	2,146	1,815
Custodial service	16,527	-	16,527	18,495
Utilities	75,576	-	75,576	75,217
Administration	8,342	-	8,342	9,397
Mileage	1,613	-	1,613	2,258
Professional services	158,533	-	158,533	45,752
Bookkeeping	2,640	-	2,640	2,520
Cooperative services	11,864	-	11,864	11,305
Reference services	20,868	-	20,868	17,130
Telephone	8,229	-	8,229	7,780
Miscellaneous	2,634	-	2,634	2,066
Public relations and advertising	5,316	-	5,316	5,189

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, CONTINUED
GOVERNMENTAL FUNDS
For The Years Ended June 30, 2004 and 2003

	<u>GENERAL FUND</u>	<u>DEBT RETIREMENT FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS 2004</u>	<u>2003</u>
<u>EXPENDITURES:</u> (Continued)				
Special programs	\$ 4,959	\$ -	\$ 4,959	\$ 4,120
Insurance	16,387	-	16,387	16,491
Computer services	66,352	-	66,352	60,470
Tax refunds	1,572	-	1,572	36,957
Capital outlay:				
Books	100,431	-	100,431	111,303
Audio-visual	32,112	-	32,112	33,058
Equipment	24,981	-	24,981	23,799
Building and furnishings	293,362	-	293,362	119,211
Debt service:				
Principal	-	375,000	375,000	360,000
Interest	-	84,870	84,870	99,630
Miscellaneous	-	841	841	450
Total Expenditures	<u>\$1,999,465</u>	<u>\$460,711</u>	<u>\$2,460,176</u>	<u>\$2,203,418</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$ 186,591)	(\$ 12,340)	(\$ 198,931)	(\$ 2,399)
FUND BALANCE - JULY 1	\$1,407,911	\$ 61,160	\$1,469,071	\$1,471,470
Prior period adjustment	<u>9,700</u>	<u>-</u>	<u>9,700</u>	<u>-</u>
FUND BALANCE - JULY 1 (AS RESTATED)	<u>\$1,417,611</u>	<u>\$ 61,160</u>	<u>\$1,478,771</u>	<u>\$1,471,470</u>
FUND BALANCE - JUNE 30	<u>\$1,231,020</u>	<u>\$ 48,820</u>	<u>\$1,279,840</u>	<u>\$1,469,071</u>

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2004

NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS

(\$198,931)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.

Depreciation expense

(\$318,603)

Capital outlay

450,886

132,283

Revenue reported in the statement of activities that does not provide financial resources and are deferred in the governmental funds

50,732

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities

375,000

Increases in compensated absences are reported as expenditures when the financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6

1,335

Accrued interest on bonds is an expenditure in the statement of activities; it is not reported in the governmental funds until paid

(17,375)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$343,044

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Romeo District Library (the "Library") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

A. GOVERNMENTAL REPORTING ENTITY

The Romeo District Library operates under the authority of P.A. 24 of the Michigan P.A. of 1989 as amended. The Library's major support is from property taxes levied in the Village of Romeo, Township of Washington and Township of Bruce. The Library is governed by a six member appointed Board of Trustees. There are no component units as defined by generally accepted accounting principles that are required to be presented in the financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts - invested in capital assets, net of related debt and accrued interest; restricted for debt service; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to library patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2004

Fund Financial Statements (Continued)

The Library reports the following governmental fund:

General Fund - The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Debt Retirement Fund - The Debt Retirement Fund is used to account for funds used to repay principal and interest on outstanding debt.

C. ASSETS, LIABILITIES AND FUND EQUITY

Cash and Investments

The Library is authorized by state statutes to invest surplus funds in U.S. bonds and notes, certain commercial paper, U.S. Government repurchase agreements, bankers acceptances and mutual funds and investment pools that are composed of authorized investments. During the year ended June 30, 2004, the Library invested in certificates of deposits, mutual funds, and investment pools.

Receivables and Payables

Property taxes are levied on each December 1st on the taxable value of property as of the preceding December 31. Taxes are considered delinquent if not paid by February 28 of the following year.

The 2004 taxable valuation of the Library totals approximately \$1.3 billion, on which ad valorem taxes levied consisted of 1.2028 mills for Library operations, raising \$1,634,145 for Library operating purposes. This amount is recognized in the financial statements as property tax revenue.

Capital Assets

Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of two years. Due to the significance of the Library's annual acquisition of Library books and materials and the shelf life on most materials extended beyond two years, annual acquisitions of books and materials are treated as capitalized assets in order to spread their cost over their estimated useful life. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years - 10% salvage value
Furniture and equipment	5-10 years
Improvements	10-20 years
Library books and materials	5-7 years
Computer equipment	3 years

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2004

C. ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Compensated Absences

Vacation leave accrues at various rates depending on job classification and length of service. For most employees vacation does not accumulate beyond the calendar year. At June 30, 2004 a liability has been recorded for vested unused vacation pay and the related payroll taxes.

Sick leave accrues at the rate of eight hours per month for full time employees. Part time employees earn accruals on a pro rata basis determined by the time they work. The Library's policy provides for unlimited accumulation; however, at termination of employment, payment will be made for only 30 days of accumulated sick leave. All sick pay is accrued as earned in the government-wide (accrual basis) financial statements. A liability for these amounts is reported in the governmental funds only for employees who have terminated as of year end.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS

An annual operating budget on the modified accrual basis of accounting consistent with generally accepted accounting principles is formally adopted for the General Fund. The budget can be amended by approval of the majority of the Board of Trustees. Amendments are presented to the Board at their regular meetings. All annual appropriations lapse at fiscal year end. State law does not require that a budget be adopted for the Debt Retirement Fund.

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2004

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2004, the Library incurred expenditures in certain budgeted line items which were in excess of the amounts appropriated as follows:

	<u>BUDGET</u> <u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	<u>BUDGET</u> <u>VARIANCE</u>
Reference services	\$ 20,000	\$ 20,868	\$ 868
Miscellaneous	2,600	2,634	34

III. DETAILED NOTES

A. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at cost plus accrued interest which approximates fair value.

Deferred compensation plan investments consist of mutual funds administered by an independent plan administrator and are carried at market.

The Library's cash and cash equivalents and investments are classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

Deposits (Checking accounts, savings accounts, certificates of deposit and money market accounts)	\$1,282,631
Investments in securities, mutual funds and similar vehicles	-

Deposits

At June 30, 2004, the carrying value of the deposits was \$1,282,631 and the bank balance was \$1,284,021. Of the bank balance, \$348,724 was covered by federal depository insurance and \$935,297 was uninsured and uncollateralized.

Investments

The Library is authorized by State statutes to invest surplus funds in U.S. bonds and notes, certain commercial paper, U.S. Government repurchase agreements, bankers acceptances and mutual funds and investment pools that are composed of authorized investments. During the year ended June 30, 2004, the Library invested in certificates of deposits and commercial paper.

No investments were held at June 30, 2004 that are represented by specific identifiable investment securities which are required to be classified as to credit risk per GASB Statement No. 3.

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2004

B. CAPITAL ASSETS

Capital asset activity of the Library was as follows:

	<u>BALANCE</u> <u>JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DISPOSALS AND</u> <u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2004</u>
Assets not being depreciated:				
Land and land improvements	\$ 236,733	\$ -	\$ -	\$ 236,733
Capital assets being depreciated:				
Buildings and improvements	\$4,356,448	\$285,004	\$ -	\$4,641,452
Furnishings	443,997	8,358	-	452,355
Office and computer equipment	157,962	24,981	6,333	176,610
Library collection	686,696	132,543	-	819,239
Subtotal	<u>\$5,645,103</u>	<u>\$450,886</u>	<u>\$ 6,333</u>	<u>\$6,089,656</u>
Accumulated depreciation:				
Buildings and improvements	\$ 244,386	\$ 74,728	\$ -	\$ 319,114
Furnishings	189,555	90,053	-	279,608
Office and computer equipment	102,348	38,692	6,333	134,707
Library collection	267,133	115,130	-	382,263
Subtotal	<u>\$ 803,422</u>	<u>\$318,603</u>	<u>\$ 6,333</u>	<u>\$1,115,692</u>
Net capital assets being depreciated	<u>\$4,841,681</u>	<u>\$132,283</u>	<u>\$ -</u>	<u>\$4,973,964</u>
Net Capital Assets	<u>\$5,078,414</u>	<u>\$132,283</u>	<u>\$ -</u>	<u>\$5,210,697</u>

C. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2004:

	<u>BALANCE</u> <u>7/1/03</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>6/30/04</u>	<u>DUE IN</u> <u>ONE YEAR</u>
Bonds payable	\$2,070,000	\$ -	\$375,000	\$1,695,000	\$395,000
Compensated absences	59,435	-	1,335	58,100	-
	<u>\$2,129,435</u>	<u>\$ -</u>	<u>\$376,335</u>	<u>\$1,753,100</u>	<u>\$395,000</u>

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2004

C. LONG-TERM LIABILITIES (Continued)

Bonds Payable

Bonds payable consists of the 1998 library building and site bonds totalling \$1,695,000, due in annual installments ranging from \$395,000 to \$450,000 from April 1, 2005 to April 1, 2008. The interest rate on the bonds is 4.10%. Interest is payable semi-annually on April 1 and October 1.

The annual debt service requirements, including principal and interest, are as follows:

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>AMOUNT</u>
2005	\$ 395,000
2006	415,000
2007	435,000
2008	<u>450,000</u>
	<u>\$1,695,000</u>

IV. RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workers' compensation benefits provided to employees. The Library has purchased commercial insurance to cover potential claims.

PENSION PLAN

Plan Description

The Library participates in the Municipal Employees' Retirement System of Michigan "MERS" which is an agent multiple-employer, state-wide public employee pension plan. The defined benefit plan adopted by the Library provides retirement and disability benefits and death benefits to plan members and beneficiaries. Pursuant to Public Act 220 of 1996, MERS is an independent public corporation which is an instrumentality of the participating municipalities. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the statewide plan. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917.

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2004

PENSION PLAN (Continued)

Funding Policy

Covered employees are required to contribute 2% of their salary to MERS. The Library is required to contribute at an actuarially determined rate. The contribution requirement of plan members and the Library are actuarially determined and based upon the benefit program selected by the Library.

Annual Pension Cost

For the year ended June 30, 2004, the Library's annual pension cost was equal to the Library's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an investment yield of 8%, (b) projected salary increases of 4.5% per year compounded annually (c) additional projected salary increases of 0.0% to 4.16% per year depending on age attributable to seniority/merit and (d) the assumption that benefits will increase 2.5% per year after retirement. Unfunded actuarial liabilities are amortized by level percent of payroll contributions over a period of 30 years.

Three year trend information.

<u>FISCAL YEAR</u> <u>FUNDING</u>	<u>ANNUAL PENSION</u> <u>COST (APC)</u>	<u>PERCENT OF APC</u> <u>CONTRIBUTED</u>	<u>NET PENSION</u> <u>OBLIGATION</u>
6/30/02	\$102,578	100%	\$ -
6/30/03	98,998	100%	-
6/30/04	93,204	100%	-

V. DEFERRED COMPENSATION PLAN

The Library has adopted a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Library's financial statements.

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2004

VI. ACCOUNTING CHANGES

Effective July 1, 2003, the Library implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Library's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Library's overall financial position and results of operations has been included.

Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Library's activities have been provided.

Capital assets in the statement of net assets includes assets previously reported in the General Fixed Assets Account Group. Capital assets at July 1, 2003 previously reported in the General Fixed Assets Account Group have been adjusted to reflect the historical cost of the Library's capital assets in accordance with the capitalization policy adopted by the Board. In addition, the statement of net assets includes bonds and other long-term obligations totaling \$1,753,100 previously reported in the General Long-term Debt Account Group.

In addition, the Library also implemented Interpretation No. 6 of GASB, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This interpretation changed the recognition criteria for certain liabilities and expenditures, including compensated absences. Compensated absences are recognized as governmental fund liabilities to the extent that they mature each period. The effect of this change was to increase fund balance in the General Fund by \$9,700.

VII. PRIOR-PERIOD COMPARATIVE FINANCIAL INFORMATION

The governmental fund financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2003, from which the summarized information was derived.

VIII. CONTINGENCIES

The Library has settled a dispute with the architect used in the construction of the new library building. The Library was required to pay an arbitration award of \$158,395 in full settlement of this dispute.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTAL INFORMATION

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

ROMEO DISTRICT LIBRARY
Romeo, Michigan
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2004

Schedule No. 1
Page 1 of 2

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Property taxes	\$1,655,365	\$1,634,031	\$1,634,145	\$ 114
State revenue sharing	38,900	38,900	39,749	849
State aid	18,521	23,728	23,728	-
Penal fines	25,000	27,757	27,757	-
Book fines	25,000	30,000	31,157	1,157
Interest	9,000	10,000	13,525	3,525
Service fees	3,500	5,000	5,713	713
Centralized purchasing credit	9,000	9,000	9,772	772
Miscellaneous	1,000	3,650	4,514	864
Gifts and memorials	600	21,500	21,657	157
Grants	500	1,157	1,157	-
Total Revenues	<u>\$1,786,386</u>	<u>\$1,804,723</u>	<u>\$1,812,874</u>	<u>\$ 8,151</u>
EXPENDITURES:				
Salaries	\$ 837,000	\$ 800,000	\$ 787,634	\$ 12,366
Payroll taxes	64,031	62,000	60,282	1,718
Health insurance	82,000	83,000	82,055	945
Life insurance	1,500	1,500	1,256	244
Retirement	100,000	95,000	93,204	1,796
Subscriptions	15,000	15,000	13,494	1,506
Bindery	600	600	231	369
Supplies	43,000	43,000	39,228	3,772
Repairs and maintenance	50,000	75,000	67,637	7,363
Elevator service	2,500	2,500	2,146	354
Custodial service	20,000	20,000	16,527	3,473
Utilities	82,000	82,000	75,576	6,424
Administration	9,500	9,500	8,342	1,158
Mileage	3,000	3,000	1,613	1,387
Professional fees	50,000	170,000	158,533	11,467
Bookkeeping	2,640	2,640	2,640	-
Cooperative service	9,259	13,637	11,864	1,773
Reference services	20,000	20,000	20,868	(868)
Telephone	9,000	9,000	8,229	771
Miscellaneous	2,500	2,600	2,634	(34)
Public relations	8,000	8,000	5,316	2,684
Special programs	7,000	7,000	4,959	2,041

(Continued)

ROMEO DISTRICT LIBRARY
Romeo, Michigan
BUDGETARY COMPARISON SCHEDULE, CONTINUED
GENERAL FUND
For The Year Ended June 30, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<u>EXPENDITURES: (Continued)</u>				
Insurance	\$ 18,000	\$ 18,000	\$ 16,387	\$ 1,613
Computer services	69,010	69,010	66,352	2,658
Tax refunds	5,000	5,000	1,572	3,428
Capital outlay:				
Books	130,000	121,653	100,431	21,222
Audio-visual	35,000	35,000	32,112	2,888
Equipment	45,000	45,000	24,981	20,019
Building and furnishings	130,000	307,000	293,362	13,638
Contingency	35,846	746	-	746
Total Expenditures	<u>\$1,886,386</u>	<u>\$2,126,386</u>	<u>\$1,999,465</u>	<u>\$126,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$ 100,000)</u>	<u>(\$ 321,663)</u>	<u>(\$ 186,591)</u>	<u>\$135,072</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

OTHER SUPPLEMENTAL INFORMATION

ROMEO DISTRICT LIBRARY
Romeo, Michigan
SCHEDULE OF INSURANCE IN FORCE
June 30, 2004

<u>INSURANCE COMPANY</u>	<u>TYPE OF COVERAGE</u>	<u>AMOUNT OF COVERAGE</u>	<u>T E R M</u>	
			<u>FROM</u>	<u>TO</u>
SAFECO	* Fire, lightning & E.C. Building			
	107 Church Street, Romeo, Michigan	\$ 746,000		
	65821 Van Dyke, Washington, Michigan	3,772,300		
	* Personal property			
	107 Church Street, Romeo, Michigan	289,100		
	65821 Van Dyke, Washington, Michigan	1,060,900		
	Commercial General Liability	\$1,000,000 general aggregate		
	Products - Completed Operations	\$1,000,000 aggregate limit		
	Personal Injury/Advertising	\$1,000,000 any one person		
	Nonowned Auto & Hired Auto	1,000,000		
	Theft, disappearance and destruction	2,000		
	Employee Benefit Liability	\$2,000,000 aggregate benefit		
	** Inland Marine	50,780	6/25/04	6/25/05
Great American Insurance Companies	Officers and Directors Liability	\$1,000,000 per year	10/31/03	10/31/04
		\$5,000 retention each claim		
SAFECO	Standard Workers Compensation	State Law	7/20/03	7/20/04

* \$10,000 deductible and 90% co-insurance clause on building and contents at both locations.

** Includes Mechanical Breakdown Coverage - \$1,000 deductible

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
SCHEDULE OF BONDS PAYABLE
June 30, 2004

1998 LIBRARY BUILDING AND SITE BONDS
(Interest Due Semi-Annually, April 1 and October 1)

<u>MATURITY</u> <u>DATE</u> <u>APRIL 1</u>	<u>INTEREST</u> <u>RATE</u>	<u>AMOUNT</u> <u>MATURING</u> <u>ANNUALLY</u>	<u>PRINCIPAL</u> <u>OUTSTANDING</u> <u>JUNE 30</u>
2005	4.10%	\$395,000	\$ 395,000
2006	4.10%	415,000	415,000
2007	4.10%	435,000	435,000
2008	4.10%	450,000	<u>450,000</u>
Total			<u>\$1,695,000</u>

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
SCHEDULE OF BOND INDEBTEDNESS
(PRINCIPAL AND INTEREST)
June 30, 2004

1998 LIBRARY BUILDING AND SITE BONDS

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>INTEREST</u> <u>DUE</u> <u>OCTOBER 1</u>	<u>INTEREST</u> <u>DUE</u> <u>APRIL 1</u>	<u>PRINCIPAL</u> <u>DUE</u> <u>APRIL 1</u>	<u>TOTAL</u> <u>PRINCIPAL</u> <u>AND</u> <u>INTEREST</u>
2005	\$ 34,748	\$ 34,747	\$ 395,000	\$ 464,495
2006	26,650	26,650	415,000	468,300
2007	18,142	18,143	435,000	471,285
2008	<u>9,225</u>	<u>9,225</u>	<u>450,000</u>	<u>468,450</u>
Totals	<u>\$ 88,765</u>	<u>\$ 88,765</u>	<u>\$1,695,000</u>	<u>\$1,872,530</u>

See accompanying notes to financial statements.

ROMEO DISTRICT LIBRARY
Romeo, Michigan
SCHEDULE OF PENSION FUNDING PROGRESS
June 30, 2004

<u>ACTUARIAL VALUATION DATE DECEMBER 31</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITIES (AAL)</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY UAAL</u>	<u>FUNDED RATIO</u>	<u>COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>
	(a)	(b)	(b - a)	(a/b)	(c)	((b-a)/c)
1997	\$289,088	\$ 720,218	\$431,130	40%	\$370,204	116%
1998	358,082	867,862	509,780	41%	418,729	122%
1999	446,739	960,092	513,353	47%	452,132	114%
2000	546,640	1,093,412	546,772	50%	543,126	101%
2001	677,360	1,203,741	526,381	56%	698,529	75%
2002	820,946	1,373,488	552,542	60%	716,490	77%
2003	990,849	1,556,669	565,820	64%	631,155	90%

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

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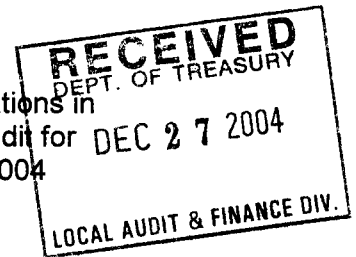
MEMBERS
The American Institute of
Certified Public Accountants

The Michigan Association of
Certified Public Accountants

November 18, 2004

To the Board of Trustees
Romeo District Library
Romeo, Michigan

Re: Comments and recommendations in
conjunction with annual audit for
the year ended June 30, 2004



Board Members:

We have audited the financial statements of the Romeo District Library for the year ended June 30, 2004 and have issued our report thereon dated November 18, 2004. Included within the purview of the audit is the requirement under Public Act 2, P.A. of 1968, as amended, that we review current internal controls and procedures and report on the results of comments and recommendations of the prior year.

Budgets

The Library has established an effective budgeting process which is used to control expenditures. We have reviewed the budgets for compliance with the Uniform Budgeting and Accounting Act P.A. 621 of 1978. The act requires that expenditures in a specific appropriations account beyond the amount of the original budget (general appropriations act), be approved by the Board with a transfer or supplemental appropriation. During the year ended June 30, 2004, the expenditures for reference services and miscellaneous expenditures exceeded the budget amounts approved by the Board. The over expenditures of \$902 are not material to the financial statements taken as a whole.

New Financial Reporting Model

The Library has implemented the new financial reporting standard (GASB Statement #34). This standard has significantly changed the look and content of the annual financial report. The fund financial information that you are accustomed to seeing is still included in the new financial statement format. In addition, the following major items have been added:

New Financial Reporting Model
(Continued)

- Management's Discussion and Analysis: Management is now required to give an overview of the Library's overall financial position and results of operation.
- Statement of Net Assets and Statement of Activities: These additional statements adjust the fund-based financial statements into a combined full accrual format. These statements show capital assets, as well as long-term debt and other long-term liabilities.
- Budgetary Comparison Schedule: This statement now includes both the original and final amended budgets as adopted by the Library Board. Any significant budget amendments can be identified and are addressed in the Management's Discussion and Analysis section of the report.

Another major component of the new statements is the capitalization of fixed assets. The Library has done an excellent job of identifying and inventorying capital assets. To maintain this inventory, it will be important for the administration to do the following:

- Track the disposition of capital assets, including any proceeds from assets sold.
- Record capital asset purchases that meet the capitalization policy in the capital outlay accounts. Purchases not meeting the threshold should be recorded in a supplies account.

Administrative Assistant Position

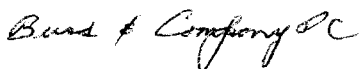
With the announcement by the Administrative Assistant of her plans to retire in January 2005, the Library is faced with the task of hiring and training a new employee for the position. We recommend that the job responsibilities and procedures be fully documented. This will make the transition easier for the new employee and the Library staff as a whole. One of the responsibilities of the Administrative Assistant is the control of cash receipts. With a new employee taking over the position, the Library should re-evaluate the way receipts are tracked and who is responsible for the process. The Library should consider using preprinted receipts and try to separate the duties of opening mail, recording cash receipts and making bank deposits. In addition, management should look at the process of handling cash collected for fees and fines. The same person should not have sole responsibility for the counting and depositing of cash. The cash included with the deposit slip for fees and fines should agree with a cash log or other document prepared at the time the cash is collected.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the administration of the Romeo District Library. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Trustees, is a matter of public record.

We would like to thank the Library staff for the courtesy and cooperation that we received during the audit.

Respectfully submitted,

BUSS & COMPANY, P.C.

A handwritten signature in cursive script that reads "Buess & Company PC".

Certified Public Accountants

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